WEEKLY ECONOMIC REVIEW

December 15, 2006

Canada's new house price index moderated in October, increasing only 0.1 per cent over the previous month. Alberta's index increased by 0.2 per cent, compared to an average monthly increase of 3.3 per cent over the last 12 months. Edmonton had the largest increase among the census metropolitan cities of over 2 per cent.

According to the Canadian Mortgage and Housing Corporation (CMHC), Alberta's vacancy rate decreased from 3.1 per cent in 2005 to 0.9 per cent in 2006. Tighter vacancy rates across the province led to a 12.5 per cent increase in average rents in 2006. Rents increased by 17.7 per cent in Calgary and by 9.8 per cent in Edmonton. With average rent of $1,605, Wood Buffalo was the most expensive centre among Canada's urban centres.

Nationally, vacancy rates increased by 1.2 percentage points and average rent for a two bedroom apartment increased 3.1 per cent.

Canada's trade surplus declined slightly from $4.5 billion in September to $3.8 billion in October, primarily due to lower energy prices. On the other hand, the trade deficit in the U.S. improved by $5.4 billion, but was still $58.9 billion overall.

Cdn Dollar (C¢/US$)

Dec	15, 2006	86.4¢
Dec	8, 2006	87.0¢
2006-07 YTD		88.9¢

WTI Oil US$/bbl

Dec	14, 2006	$62.51
Dec	7, 2006	$62.49
2006-07 YTD		$66.51

Nymex Natural Gas C$/mcf *

December Contract

Dec	15, 2006	$8.61
Dec	8, 2006	$8.86

*Estimate based on Nymex Futures Market Price

Despite the plunge in housing prices, retail sales posted a 1 per cent gain in November, easing concerns that consumer expenditures are slowing. The U.S. Federal Reserve Board left the federal funds rate at 5.25 per cent.

Oil prices fell early in the week, but recovered on Thursday, surging over $1 per barrel after the Organization of Petroleum Exporting Countries (OPEC) announcement to cut production in February.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
New House Price Index (1997=100)	**October**			
Alberta	232.3	0.2%	48.2%	39.1%
Canada	156.7	0.1%	11.9%	10.0%
Canadian International Trade ($ Millions)	**October**			
Exports	37,322	-1.7%	-6.5%	1.8%
Imports	33,544	0.4%	2.1%	3.9%
Trade Balance	3,778	-16.8%	-15.0%	-11.5%
Manufacturing Shipments ($ Millions)	**October**			
Alberta	5,242	-1.9%	-2.4%	9.0%
Canada	47,737	-0.1%	-5.2%	-0.5%
New Motor Vehicle Sales	**October**			
Alberta	21,219	0.9%	16.5%	12.8%
Canada	136,298	-1.6%	4.2%	1.6%

Source: Statistics Canada

[1]Year-to-date 2006 compared to the same time period in 2005. For example: January-November 2006 versus January-November 2005